

Message Text

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46

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SUBJ INITIAL PRESS REACTIONS TO NOV 18 BUDGET

REF OTTAWA 3747

1. EDITORIAL REACTION TO FINMIN TURNER'S NOVEMBER 18 BUDGET WAS MIXED, BUT MOST EDITORIALS POINTED OUT FAILURE OF BUDGET TO DEAL WITH INFLATION.

2. TORONTO GLOBE AND MAIL LEAD EDITORIAL OF NOVEMBER 19 IS ENTITLED "THE BAD EXAMPLE BUDGET" AND STATES CATEGORICALLY "THE BUDGET IS INFLATIONARY". THE EDITORIAL CONTENDS THAT "VIRTUALLY ALL OF THE ENFORCEABLE PROVISIONS WILL TEND TO BE INFLATIONARY, WHILE FOR STEMMING INFLATION HE (TURNER) WILL DEPEND UPON SUCH UNLEGISLATABLE POLICIES AS 'RECONCILING THE COMPETING INTERESTS OF THE VARIOUS GROUPS WHICH MAKE UP OUR SOCIETY'." THE EDITORIAL ALSO CASTIGATES TURNER ON HIS EMPLOYMENT POLICIES AND STATES THAT "HE DOES NOT HAVE THE POLITICAL COURAGE TO SAY THAT SOME OF THE UNFILLED JOBS -- WHICH AMOUNT TO A QUARTER OF THE UNEMPLOYED -- ARE UNFILLED BECAUSE GOVERNMENT UNEMPLOYMENT INSURANCE

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AND WELFARE POLICIES PROVIDE DISINCENTIVES TO WORK."

THE EDITORIAL TERMS THE PRESENTATION "AN ELECTION BUDGET " WHOSE "THRUST IS TO FAVOR INDIVIDUALS, NOT THE INDUSTRY THAT COULD CREATE JOBS FOR THEM."

3. TORONTO STAR IN EDITORIAL OF NOVEMBER 19 ENTITLED "A BUDGET FOR HALF THE PROBLEM" STATED, "THERE'S NOT MUCH IMAGINATION IN THE BUDGET CONSIDERING THAT INFLATION HAS POURED MILLIONS OF EXTRA DOLLARS INTO THE FEDERAL TREASURY". IT CHARGES THAT THE FINANCE MINISTER DID NOT "BREAK ANY NEW GROUND IN THE EFFORT TO FIGHT INFLATION. HE EXPRESSED THE PIOUS, AND EXTREMELY MODEST, HOPE THAT CANADA'S INFLATION RATE NEXT YEAR WILL DIP BELOW DOUBLE-DIGIT FIGURES. BUT THERE IS NO INDICATION HOW THIS IS TO BE ACHIEVED". THE EDITORIAL CONCLUDES: "TURNER IS STILL RUNNING THE ECONOMY WITH ONE HAND TIED BEHIND HIS BACK. ON THE RECESSION FRONT, HE'S MOVING STRONGLY AND DOING THE RIGHT THINGS. BUT ON INFLATION, WE'RE STILL WAITING FOR ACTION".

4. OTTAWA CITIZEN OF NOVEMBER 19 TOOK A WAIT-AND-SEE ATTITUDE TOWARD BUDGET. ITS EDITORIAL "BUDGET BETS ON TAX CUTTING" STATED THAT TURNER "SEEKS TO STIMULATE THE ECONOMY THROUG TAX REDUCTION RATHER THAN THROUGH EXPENDITURE ON PUBLIC WORKS. WHETHER THIS APPROACH WILL MODERATE THE INCREASED UNEMPLOYMENT RATE HE CLEARLY FORESEES REMAINS TO BE PROVED". EDITORIAL ALSO DISCUSSED TURNER'S PROPOSED RESOURCE TAXATION AND CONCLUDED THAT "UNLESS THE PROVINCES, ESPECIALLY ALBERTA, WANT THEIR PETROLEUM AND MINERAL INDUSTRIES TO BE KILLED BY TAXES, THEY WILL HAVE TO REDUCE SHARPLY, OR DROP ALTOGETHER, THE TANGLE OF ROVINCIAL ROYALTIES AND OTHER TAXES THAT NOW PLAGUE THE RESOURCES INDUSTRY".

5. MOST FAVORABLE EDITORIAL ON THE BUDGET WAS IN OTTAWA JOURNAL OF NOVEMBER 19. ENTITLED "MR. TURNER'S BALANCING ACT", EDITORIAL STATED "FINANCE MINISTER HAS MADE THE BEST OF A DIFFICULT SITUATION". EDITORIAL TOOK PROVINCES TO TASK FOR NOT ACCEPTING FEDERAL TAXATION

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OF RESOURCE INDUSTRIES, AND STATED "THE PROVINCES SIMPLY MUST SCALE DOWN THEIR ROYALTIES TO REFLECT FEDERAL TAX PRIMACY, OR RISK CRIPPLING RESOURCE INDUSTRIES WITH MARGINAL TAX RATES OF 100 PERCENT AND HIGHER ON INCOME GAINS". EDITORIAL CONCLUDES: "IT IS AN UNCONVENTIONAL BUDGET, ONE WHICH USES ECONOMIC UNCERTAINTY AS A VALID REASON FOR POLICIES WHICH COULD ALTERNATIVELY COOL OFF AND HEAT UP THE ECONOMY".

6. MONTREAL GAZETTE OF NOVEMBER 19 PRAISED TURNER'S PROPOSALS ON RESOURCES INDUSTRIES, TAX CONCESSIONS TO PENSIONERS AND GENERALIZED TAX CUTS. HOWEVER, THE EDITORIAL MAINTAINED "IT IS INEXCUSABLE THAT MR TURNER SHOULD FAIL ONCE AGAIN TO COUPLE ECONOMIC ENCOURAGEMENT TO INDIVIDUALS AND CORPORATIONS WITH A POLICY OF PRICE AND INCOME RESTRAINT". THE EDITORIAL CRITICIZES TURNER FOR MERELY EXHORTING THE CANADIAN PUBLIC TO MAKE A COOPERATIVE EFFORT TO SLOW INFLATION AND CONCLUDES "THIS IS THE SAME KIND OF NEBULOUS STUFF THE GOVERNMENT DISHED OUT IN THE THRONE SPEECH BUT THE COUNTRY STILL AWAITS ITS LEADERSHIP".
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